



Alternative Surgical Facility
In-Office Refractive Intraocular Surgery

Financial Analysis – 5 Year Planning

Is it Worth It???

- For these answers, one must ask how many of these cases will my practice perform in the next five years?
- The numbers run like this...
 - 100 cases in first year, would produce at facility fee cost of less than \$1,000 per procedure!
 - Your 2nd year is less than \$800 per procedure with amortization on costs against revenue.
 - Year 3 and beyond will decrease significantly with volume growth and costs depreciated.

Is it Worth It???

- Break-even for facility costs in this example rests somewhere around 60 procedures annually.
- This 60 procedures breakeven is taking 30 Clearlens procedures at average charges of \$2,500 per eye and 30 Phakic implant procedures at \$3,500 per eye.
- Total revenue on these 60 cases brings the practice a total of \$180,000.



EyeOR also will work with you in developing a total financial analysis in your project...with a Performa P&L on a five year strategic plan associated with this new facility. You know up-front your costs of operations and breakeven analyses.

Procedures to Consider:

- Phakic implants.
- Clearlens procedures.
- Accommodative Clearlens Procedures.
- Multifocal implant CL procedures.
- Future Phakic designs and bioptics approaches in office settings with both intraocular and LASIK rooms.
- CK procedures.
- AK and astigmatic procedures for cataract and refractive cases.
- Combination surgical techniques to come for the refractive patient populations....Presbyopia.
- Plastics and minor procedure room cases.
- All revenue producing procedures with low facility fee costs associated with the “in-office” surgical suite.
- Some of the above would be non-revenue producing procedures with facility fees in excess of \$1,200 per procedure plus implant to the surgeon.

Bottom-line Question?:

- Can you perform these refractive lens procedures in a safe, high quality of care surgical setting within your clinical practice and/or your LASIK room and center?
- If you can't or won't....can you make any money in this new refractive market by using a hospital Medicare facility?
- With an average \$1,200 per procedure charge back to you....you can't make any money in this new market of refractive surgery!
- If you can get a facility to charge you less than \$500 for the per procedure fee, you can equal the profitability found in our "in-office" alternative with 100 procedures projected annually...but you loose the control and benefit of using your own staff, facility, etc...

The Financial Alternatives:

(A quick and simple analysis)

In-Office Surgery Suite:

- RLE charge.....\$4,000
- Cost based upon over 200 procedures a year would run (with debt burdens on the \$100,000 investment counted against a per procedure charge)\$550
- Overhead charge back on fully burdened costs with staff.....\$250
- Cost of Implant...\$850

Net Profit per procedure:
\$2,350

Annualized.....\$4,700,000

In-Hospital Surgery Suite:

- RLE charge.....\$4,000
- Cost based upon over 200 procedures a year would run.....\$1,200
- Overhead charge with your CST surgical scrub staff.....\$100
- Cost of Implant...\$1,000

Net Profit per procedure:
\$1,700

Annualized.....\$3,400,000

Five Year Strategic Planning

- Review the Low Volume Analysis
 - Lease against the Roll-on Roll-off.
 - Breakeven is around 75 procedures.
 - May consider Ro-Ro for Year 1 – 3.
- Review Middle Range Volume Analysis
 - More Cash return on Ro-Ro year 1-2.
 - Year 1 brings close to \$500K in Cash Year 1

Footnote: Look at the Low and Middle Range P&L examples given in PDF file on this web site section...



Five Year Strategic Planning

- Review the “High Volume” Analysis
 - Lease is on \$125,000 Equipment
 - Build out is \$30,000 not \$15,000
 - More volume returns strong cash...
- Review “AK” Volume Analysis
 - Room returns investment with just AK
 - Oasis Astigmatome investment up front
 - Breakeven on total project at 125-150 procedures with \$495 charge.

Footnote: Look at the High Volume and AK Volume P&L examples given in PDF file on this web site section...



Summary...

- Consider the alternatives to provide a profitable procedure to your refractive practice...
- Don't compromise the "standard of care" in your intraocular procedure...
- Limited investment will bring you an answer of combining high quality of care, priced right and providing the practice with a profitable alternative to enter this fast growing refractive market with intraocular refractive procedures!

“Surgeon Benefits!”

- Patient focused IOR procedures.
- Profitable IOR procedures.
- A consult that builds a total Strategic Plan for Success:
 - 5 year budget & financial plan.
 - Operation support.
 - Equipment and Personnel.
 - Certification and continued QA/QC plan.
 - Marketing.
- Building a Partnership...
- Networking with Thought Leaders on our Medical Advisory Board.

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Thank You!